December 23, 2019

9:55 PM EST

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Inside this issue

Busy Fall

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Let me begin by wishing all those who celebrate a Merry Christmas and Happy Hanukah!

December is always a busy month. Between quarter-end, year-end, RMDs, client reviews, media and time out of the office, the month always flies by. Before I know it, the stress of January sets it which is historically the busiest month of the year with a myriad of deadlines including my year-end report, Fearless Forecast and more.

Recently, I did a number of segments on Yahoo Finance which you can see below.
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The first one is an update on Amazon's previous move to not open a second HQ in struggling Long Island City as Congresswoman Cortez tries to take a victory lap.

https://finance.yahoo.com/video/aoc-says-told-amazon-moves-175809872.html

Next we have one of my long, long-term ongoing themes regarding gold. This was really an impromptu mini-diatribe from me and one that sets the table for my commentary in my 2020 Fearless Forecast. Spoiler alert. I am bullish on gold.

https://finance.yahoo.com/news/gold-is-going-to-2500-3000-an-ounce-investment-expert-paul-schatz-151249433.html

The China trade saga is next and I am unwavering in my opinion.

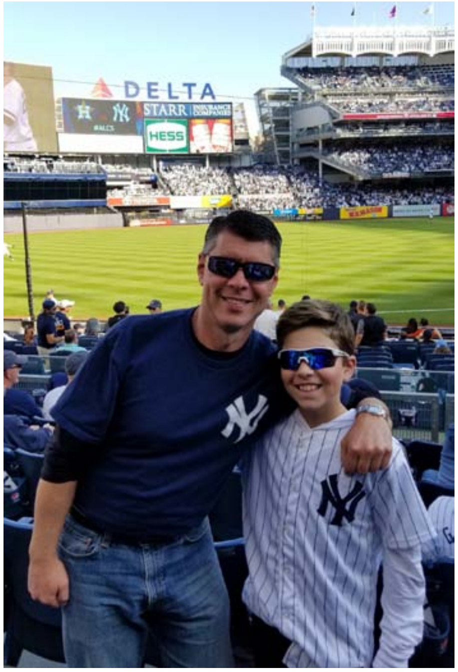
https://finance.yahoo.com/video/u-china-trade-negotiators-plan-171411272.html

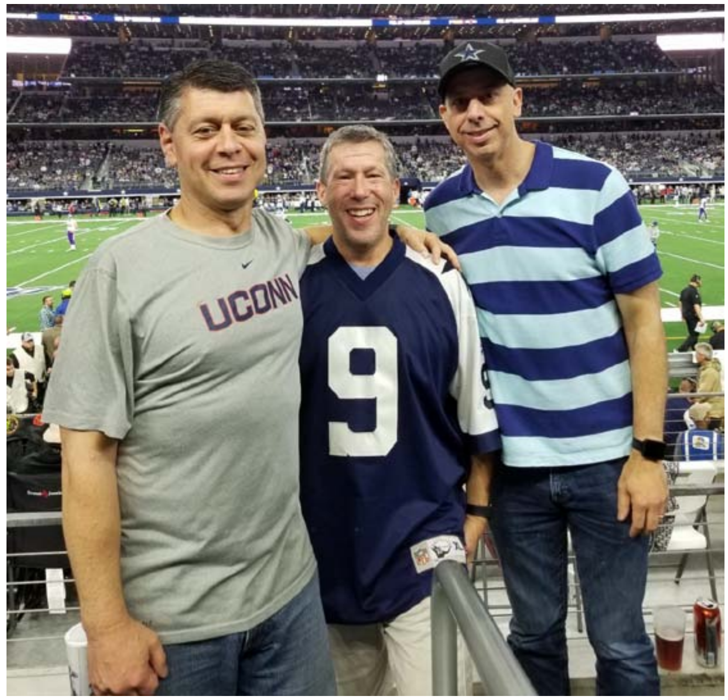
The previous three segments were all from my guest host spot on Yahoo's On The Move. A few days ago, via Skype from my office, I participated in of one of my all-time favorite segments with one of all-time favorite hosts, Alexis Christophorous. It was so much fun because it was free flowing conversation and we ended up covering so many different relevant topics that included opinions on many asset classes.

https://finance.yahoo.com/video/boeing-suppliers-under-pressure-amid-145938290.html

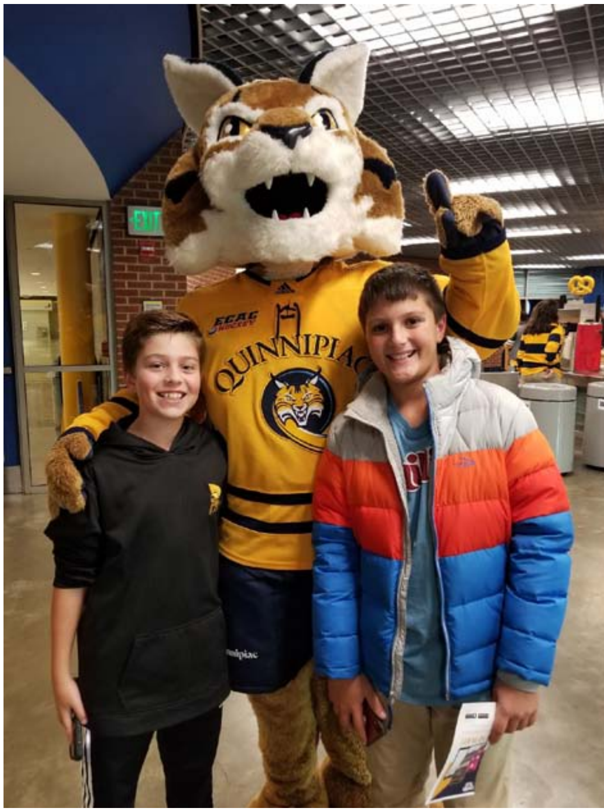
The fall continued to be enjoyably busy as the little guy and I drove to the afternoon Yankees/Astros playoff game without tickets in hand. With Stubhub being too expensive, we got lucky as one of my high school friends randomly texted me that he had dozens of tickets for sale at more reasonable prices.

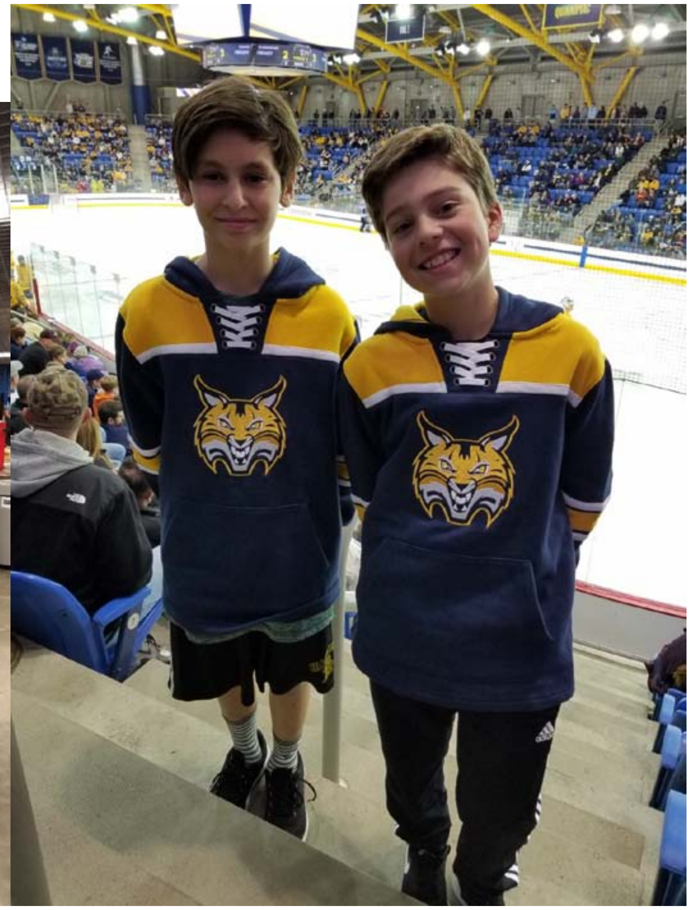
And just last month, I checked off another bucket list experience as two friends and I attended my Dallas Cowboys / Minnesota Vikings football game at AT&T Stadium, better known as Jerry World outside of Dallas. As a lifelong Cowboys fan, it was everything I hoped it would be and more, except for the fact that Dallas stunk and lost at home.



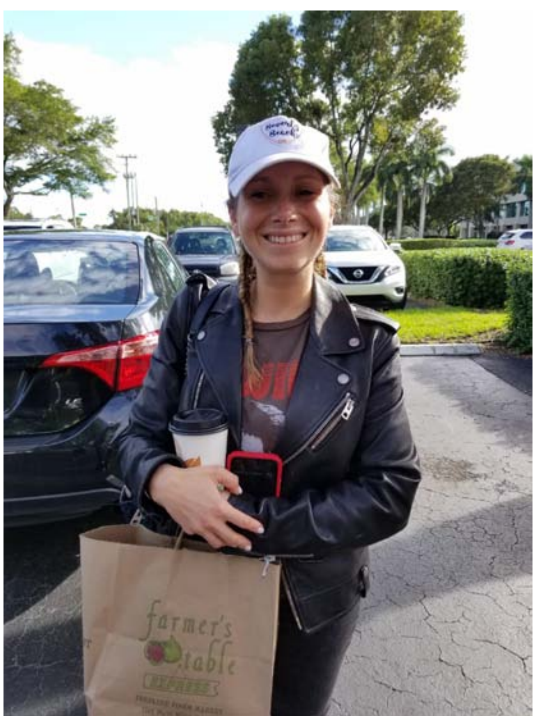


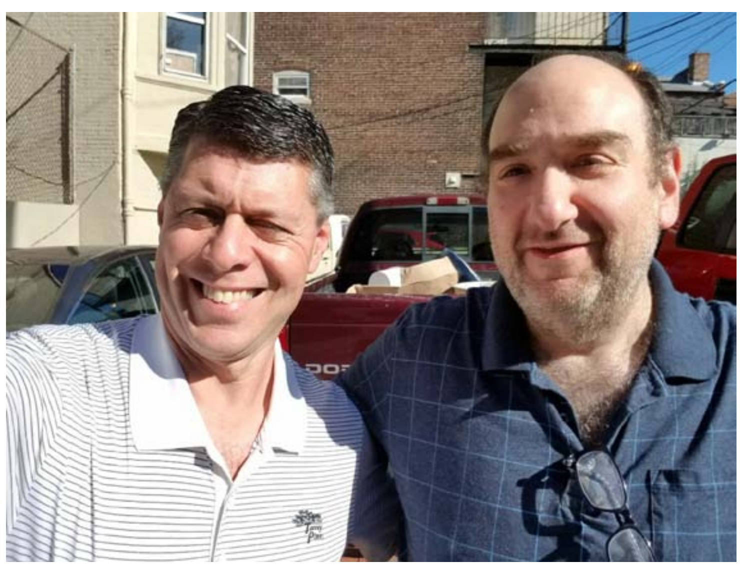
October brought the start of college hockey season, a sport I know just enough about to be dangerous. Local university, Quinnipiac, apparently has built quite the national program so the family went in on some season tickets with others. The little guy and I became instant fans after the first of two games. I am a little bummed that we only have two more games left, but then again, the games fall on weekends during ski season.





And what's business travel without a visit with former work colleagues Debbie and Tiny in Florida and Baltimore. Debbie looked great as usual and Tiny literally dropped almost 50% of body weight!





With fall ending the other day and winter officially beginning, ski season is now 6 weeks old. The same ski season the medical experts said I would miss.

As many of you know, I have gone to a quasi online calendar so you can book an appointment when you want to and not just when we're in the office or respond to your email. For now, I do not include evening meetings nor early morning ones, but I will try and accommodate as best I can.

If you would like to schedule a meeting, Skype, FaceTime or call, please click on the link below and give it a try. My calendar is now open through early September.

https://schedulewithpaul.as.me/

Don't forget about our blog, **www.investfortomorrowblog.com** for shorter-term analysis.

You can sign up to receive notifications when a new blog has been posted here.
http://www.investfortomorrow.com/BlogAlerts.asp

Top 13 Financial Tips Before Year-End

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I debated writing a synopsis of the segment I did with my friend, Tim Lammers, on FOX61 this past week. However, as I sketched out my notes, they ended up being the exact same thing I said on TV. So, I am taking the lazy way out and just posting the link to the five minute interview. I absolutely promise that everyone can take at least one tidbit away from the discussion to help you save a few dollars before year-end.

https://www.youtube.com/watch?v=vJCQbsZoEyw&feature=emb_title

Santa Claus Rally and Last 5 Trading Days of 2019

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Historically, the last two weeks of December is one of the most favorable times of the year and that lasts through early January. The traditional Santa Claus Rally (SCR) is scheduled to begin on Christmas Eve and last until the close on January 3rd. In other words, the last five trading days of the year and first two of the new year.

Remember the old adage made popular by Yale Hirsch from the Stock Trader's Almanac? "If Santa Claus should fail to call, bears may come to Broad and Wall." Well, I am not going to go into that now. Let's see if Santa decides to reward all his little investors. I will quickly say that while Yale posited that a bear market would ensue without Santa, the truth of the matter is that a decline usually follows during the first half of the new year with Q1 being the most likely time.

For my research, I separate the SCR from the last five trading days of the year (L5). While they have significant overlap, we often see larger than normal moves during this time and SCR and L5 can yield different results. What I try to assess is what is likely to occur over SCR and L5 each year based on the stock market's performance during Q4 to date as well year to date.

2019 is very much the opposite of 2018. Going into this period last year, Q4 and 2018 were negative which led to positive SCR and L5. This year, we have Q4 and 2019 being very strongly higher as we enter SCR and L5.

Based on history and a little filter I added, here are the probabilities of higher prices.

Using just Q4, there is a 68% chance SCR is positive and only 42% chance L5 is positive.

Using 2019 YTD, there is a 71% chance SCR is positive and only 40% chance L5 is positive.

This says that putting new money to work for what is perceived to be a slam dunk into year-end is anything but. However, if L5 is negative or if there is a a quick rinse lower, there is a better likelihood that stocks bounce the first two days of 2020. I know. I know. Who really cares about the next 7 trading days? You're right, but it's still interesting to analyze.

Looking for an Early Sign of Change for the Stock Market

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Let's start this article with the big picture. The bull market is alive and reasonably well and will live on into 2020. Next year will likely present some challenges, but we will cross that bridge when I start to work on my 2020 Fearless Forecast. One thing is for absolute sure in my opinion; there will be fireworks in 2020!

For roughly a month, mostly on the blog, I had been discussing a stock market that was a little ahead of itself and then a little tired in the very short-term. In my lexicon, that meant I would hold the positions I had, but not add any new money nor increase risk. I did a pretty good of sticking to this although I did put some new money to work last week.

Over the past month, it certainly "felt" like stocks surged higher as they crept higher and higher
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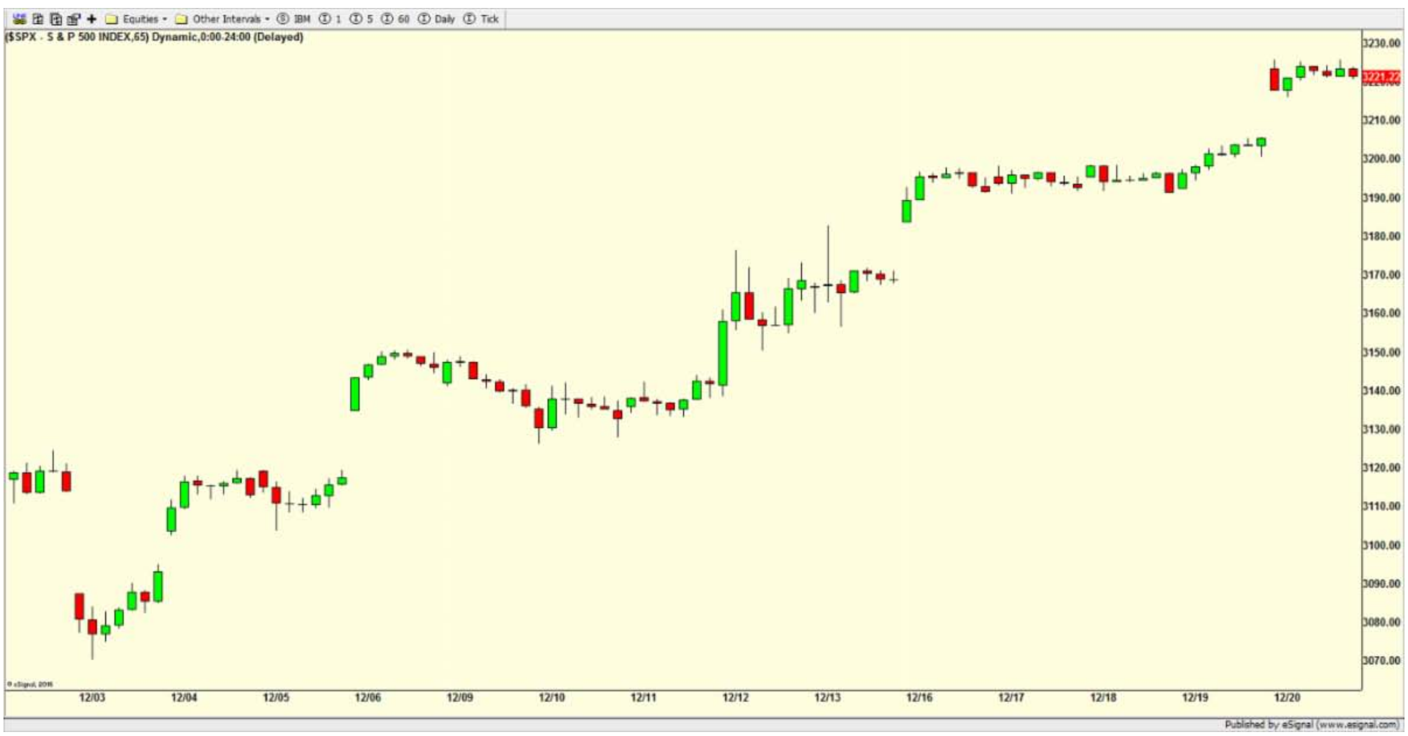
almost every day. Before checking, I would have guessed that the S&P 500 was up by 5% since Thanksgiving. However, the real number is 2%, certainly nothing to sneeze at, but also not the melt up so many pundits have been forecasting.

Markets that creep higher and higher feel like larger magnitude moves as they occur because the pullbacks are so brief and shallow. Creeper markets also tend to give back so much of the gains in one fell swoop down the road. I will not be surprised to see that happen sometime in Q1 2020.

Anyway, since the little post-Thanksgiving low on December 3rd, the stock market rally has occurred almost entirely at the open. That's not a bad thing. That's not a good thing. Below you can see an hourly chart of the S&P 500.

Look at all of the areas where there is no red or green candles. Those are the gap up openings. Each one is followed by the market going sideways for a period of time before gapping higher again. One thing we should look for is a change in character where stocks gap higher, but instead of going sideways and then higher, they just sell off and don't immediately recover.



Now, my valued readers, before you stop reading and start thinking that the most bullish person out there has turned negative, think again. I am only talking about short-term noise, at least for now. Under 5% moves. There are many concerns about the frothiness of investor sentiment (and it's really greedy out there now), but I am going to wait and cover that soon.

8 Ways to Quickly Whittle Down College Debt

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With the presidential election less than a year away, some of the democrat candidates have made the soaring student loan debt a campaign issue. Even the Trump administration recently announced a plan of their own with the ability to refinance student loans and the possibility of disposing student debt in certain bankruptcy filings.

I find this fascinating as the public does not rank student loans anywhere near their top five priorities when choosing a candidate. Yet Bernie Sanders and Lizzie Warren have each made pledges to eradicate all student loans during their presidencies. This is another fascinating program as it penalizes all those who borrowed and was able to or has successfully serviced their debt. While I won't go so far as to say it is rewarding bad behavior, but it is certainly attacks the problem from the wrong side.

Why stop at just student loans? Why not pay off everyone's mortgages? After that, how about credit cards? The list could go on and on. In the decades I have been privileged enough to vote, I have never, ever heard a single person ask why the cost of colleges has skyrocketed at more than double the rate of inflation. Don't the universities have any culpability?

Going one step further, let's face it; college is not for everyone. Yet Sanders, Warren and others want to offer free college for all. Why? There is a shortage of trade school graduates. A simple Excel spreadsheet can show you that depending on the debt level and income out of college, going to trade school would yield more money.

Anyway, as I was leaving the grocery store a few months ago, a headline from USA Today jumped off the page:
https://www.usatoday.com/story/news/education/2019/09/19/college-student-loan-average-debt-forgiveness-free-tuition-crisis/2368805001/

College Student Loans: Debt hits a new high in 2018.

Last year, college seniors graduated with a diploma, a well-paying job (hopefully), and an average student loan debt of $29,200, according to a new study by the **https://ticas.org/interactive-map-embargoed/** Institute for College Access and Success

Almost two in three college seniors, or about 65% who graduated from public and private nonprofit colleges in 2018, carried college debt into their post-graduate world.

Connecticut (what a shock!) held the dubious honor of the largest debt load-$38,669, while Utah had the lowest burden $19,728.

If there is any good news, debt levels were up just 2% from 2017.

I don't believe anyone is surprised by the high debt burden. Soaring college costs have been
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well documented.

In 1985, the annual tuition, fees, and room and board rates charged to full-time undergraduate students at a four-year public university ran $3,859. By 2015, the cost had ballooned to $19,189, according to the National Center for Education Statistics. For private schools over the same period: $9,228 to $39,529.

The increase in costs is sobering. No wonder so many kids today graduate with both a degree and a heavy debt burden. It's a far cry from when I attended school which doesn't feel 30 years ago. While we believe a college education is a worthy investment, $30,000 in debt is a heavy burden for someone that is 22 or 23 years old.

Unfortunately, many underestimate the time it will take to pay back their loans. According to a survey of **https://embed.widencdn.net/pdf/plus/cengage/qwntsqxbxh/todays-learner-student-opportunity-index-infographic-1015733-final.pdf** 2,500 recent and soon-to-be graduates, respondents believe they are six years away from being debt free. SIX! .If only.

Before we get started, let me say that there is no magic formula. Debt is debt, it accrues interest, and lenders expect to be repaid.

But if you set a goal, map out a plan, and stick to the blueprint, you'll be surprised at the ground you can cover.

That said, typical rates run from 4.5% to 7%, with a term of about 10 years. That's a monthly payment of $324 and $9,702 in interest on the average debt of $29,200, assuming 6% interest.

1. Apply for student loan forgiveness. You can try, but odds are very low you'll have any success.

The U.S. Department of Education rejected 99% of the applicants who applied for relief between May 2018 and May 2019, according to the **https://www.gao.gov/assets/710/701157.pdf** Government Accountability Office (GAO) Therefore, let's look at more realistic ideas.

2. Make more than the minimum payment. By adding just $100 per month to your payment, you'll pay the average debt off three years early and shave a cool $3,000 off your interest payments (data taken from Bankrate.com loan calculator).

Be sure to confirm the extra payments are **https://www.consumerfinance.gov/about-us/blog/consumer-advisory-stop-getting-sidetracked-by-your-student-loan-servicer/** correctly applied to the principal This step is important, especially as it relates to the method you use to pay down your debt-steps 3 and 4.

3. Pay off high-rate loans first-the avalanche method. If you have more than one loan, make the minimum payment on lower-rate loans but apply that extra payment to the highest rate loan first. There's no reason to pay more in interest than necessary.

4. Pay off the smallest loan first-the snowball method. This loan may not be your most expensive loan, but you may feel a sense of accomplishment from 'checking the box,' or 'wiping out' one loan. It's visible, tangible progress when a loan fades into oblivion.

Plus, by knocking one loan out, you can improve your credit score and lower your debt-to-income ratio.

Don't overspend but reward yourself (with your spouse if married) when you've paid off your first loan. It's an accomplishment.

5. Rollover over the payment. Once you have eliminated the first loan, take that entire payment and roll it into the loan with the next highest rate (or the loan with the lowest balance). Do you see what you are doing? It's called MOMENTUM, just like I talk about with the markets. It feeds on itself. When that loan is paid off, you have additional cash to plow pack into the third loan.

Keep the ball rolling until you've eliminated all your student debt. But don't stop here. Once your debt is paid off, you may tackle credit card debt or save for a down payment on a home.

Establishing the right patterns when you are young will pay dividends throughout your life.

6. Can you refinance to lower rates? A lower interest rate may translate into fewer payments. But be careful about extending the length of the loan. Lower payments may tempt but the goal is to obliterate your student loans, not pile up additional interest and delay the day when you'll be student-debt free.

7. The auto-payment option. Just do it. Does your loan servicer offer auto-payment? Most do. You may save 0.25%, and auto-payment is a 'set and forget' way of paying back debt. Besides, you won't have to worry about missing a payment, late fees, and a black mark on your credit report.

8. Be careful with extended payment plans. Such plans reduce your monthly payment and may be income-based, but it will take you longer to pay off your student debt and you'll pay more in interest.

Your goal is to put your college debt in the rearview mirror. Be strategic about your choices. Set up a plan. Use our pointers as a guide. As always, we're here to answer your questions.

Upcoming Appearances

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TD Ameritrade's Network - January 6th at 1:10pm

Yahoo Finance's On The Move -January 7th from 12:00pm to 1:00pm

Fox Business' Making Money - January 7th at 2:00pm

FOX61's (FOX in CT) Morning Show - January 8th at 9:20am
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WTNH's (ABC in CT) - January 9th at 9:20am

Yahoo Finance's On The Move -January 29th from 11:00am to 12:00pm

TD Ameritrade's Network - January 29th at 1:10pm

Fox Business' Making Money - January 29th from 2:00pm to 2:30pm

You can view most of the past segments by clicking below.

Media Appearances

(http://www.investfortomorrow.com/InMedia.asp)

Investment Quotes/Adages To Live By

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"In God we trust, all others bring data."
- W. Edwards Deming

"The only easy day was yesterday."

- The U.S. Marines

"When in doubt, get out!"

"If it's obvious, it's obviously wrong."
-Joe Granville

"It's ok to be wrong, but it's not ok to stay wrong."

"This time is different."

"The markets require the patience of a dozen men."
-Robert Rhea

"Luck is the residue of effort."

"The most bullish thing a market can do is go up in the face of bad news."

"The most bearish thing a market can do is go down in the face of good news."

"The market can stay irrational longer than you can stay solvent."
-John Maynard Keynes

"Government is best which governs least" - Thomas Jefferson
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Inflation is the one form of taxation that can be imposed without legislation.
-Milton Friedman

"You cannot legislate the poor into freedom by legislating the wealthy out of freedom. What one person receives without working for, another person must work for without receiving. The government cannot give to anybody anything that the government does not first take from somebody else. When half of the people get the idea that they do not have to work because the other half is going to take care of them, and when the other half gets the idea that it does no good to work because somebody else is going to get what they work for,that my dear friend, is about the end of any nation. You cannot multiply wealth by dividing it." - Dr. Adrian Rogers, 1984

"Bear markets seem to be divided into three phases: the first being the abandonment of hopes upon which the final uprush of the preceding bull market was predicted; the second, the reflection of decreased earnings power and reduction of dividends, and the third representing distressed liquidation of securities which must be sold to meet living expenses. Each of these phases seems to be divided by a secondary reaction which is often erroneously assumed to be the beginning of a bull market."
- Robert Rhea

"Free enterprise is a rough and competitive game. Nobody too big to fail. Nobody too small to succeed. It is a hell of a lot better than government control." - Ronald Reagan via Dan Kennedy

"A government big enough to give you everything you want is big enough to take everything you have." - Gerald Ford via Dan Kennedy

"The problem with socialism is that, sooner or later, you run out of other people's money." - Margaret Thatcher

"Diversification alone is no longer sufficient to temper risk... You need something more to manage risk well."
- Mohamed El-Erian

"A little bit at a time adds up to a lot in no time"

To Your Financial Success,

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